



**Investors  
Presentation**  
Q3  
2020

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The **Leading Fuel**  
company in Israel



# #1

Market Leader

**Fuel stations**  
**Convenience Stores**  
**LPG supply**  
**Electronic fueling devices**

# ~4

**NIS billion**  
Value of company  
**real estate portfolio**



# ~600K

**Pazgas**, largest company in its field in Israel  
with over 570K households served



**Largest Convenience  
Store Chain in Israel**

# 240

**Yellow**  
convenience stores

**Largest Fuel station  
network in Israel**

# 267

**Fuel stations**

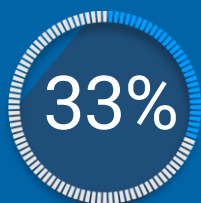
# ~150K m<sup>2</sup>

Advancing property rights with  
real estate value at 22 sites with  
potential building rights totaling  
150 thousand square meters

**#1 in electronic  
fueling devices**



Estimated market share\*



\*Pazomat market share is based on internal  
estimates only

# 1.3

**Monthly visitors at  
stations**

**Buy back in 2020**

**NIS 200 million**

**Dividend**

**NIS 60 million**

# ~1/3

**Supplies 1/3 of Israel's  
refined products**

Adjusted EBITDA LTM<sup>(1)</sup>

803 NIS million

Q3 2020  
NIS 183 million

Yellow Revenue LTM<sup>(1)</sup>

953 NIS million

Q3 2020  
NIS 271 million

Annual Group Revenue LTM<sup>(1)</sup>

9.0 NIS billion

Q3 2020  
NIS 1.9 billion

Paz  
Key highlights



Q3/2020

195 NIS million

Adjusted FCF\*

30.09.2020

3.1 NIS billion

Shareholder's equity

70%

Dividend Policy  
from annual net income

AA-

S&P Maalot  
Credit Rating

(1) LTM - LAST TWELVE MONTHS ended 30.09.2020

\*Adjusted FCF is calculated on the basis of cash flows from operations less net cash flows from purchase/sale of fixed and other assets and excluding changes in operating working capital and IFRS-16 impact.



## Paz's response to the COVID-19 impact on the Company

The financial strength and debt structure of Paz, along with the diversity of operating activities, enables the company to deal with the COVID-19 crisis in the best possible way.

**The effects of the second lockdown** on fuel demand was less severe compared to the first lockdown. Fuel consumption rates at Paz stations:

- Q3/2020: ~90% consumption (vs. Q3/2019)
- November/2020: ~90% (vs. 11/2019)

**A gradual return to normal demand levels is expected in early 2021**, as long as vaccines against COVID-19 are approved and a process of vaccinating the population begins, and assuming that the government does not impose further restrictions on traffic in Israel

### Areas of operations that are affected positively

#### Yellow

The Yellow Convenience Store Chain maintained a similar volume of sales during the reporting period and even showed a slight increase compared to the same period last year.

In Q3 / 2020, there was an increase of about 6% in revenue compared to the corresponding quarter last year, despite the second lockdown period.

#### Pazgas

Regarding LPG sales, there was an increase in sales in the reporting period which increased the profitability compared to the corresponding period last year.

There was an overall positive impact on Pazgas due to a decrease in the cost of gas and an increase in LPG sales to customers in the private household segment which was partially offset by a decrease in sales of LPG to the commercial segment.

#### Streamlining

Paz has carried out various streamlining processes in order to reduce expenses and enhance efficiency.

**For more information**, see section 1.5 of the Board of Directors report as of September 30, 2020.

### Areas of operations that were adversely affected

#### Retail fuel sales at Paz stations

Restrictions on traffic and crowd gatherings in Israel that were tightened during the COVID-19 outbreak in mid-March led to a decrease in traffic and a significant decrease in fuel demand of 50% at fuel stations in April 2020. As of May 2020, thanks to an easing of restrictions, fuel consumption recovered such that the consumption rate in May and June reached 90% and 96%, respectively (compared to the periods last year). Towards the end of June 2020, a second wave of COVID-19 began to spread in Israel and around the world. In July-August 2020, the rate of fuel consumption was above 90% of normal consumption, and in September-October, during the second lockdown, the rate of consumption was between 70-85% of normal demand. In November 2020, the level of demand was over 90% (compared to last year).

#### Refining

Decline in refining margins due to the excess supply and declining demand worldwide led to low product margins for gasoline, jet fuel and naphtha. As a result of the decline in demand in Israel and around the world, Paz Ashdod Refinery significantly reduced its production output during the second and third quarter of 2020 by about 30%.

#### Aviation

Restrictions on traffic and global aviation have resulted in a significant drop in flights and a sharp drop in jet fuel sales.

#### Real Estate

A decrease in commercial real estate revenue following the shutdown of some of the commercial activity in the fuel complexes.

## COVID-19 IMPACT





## Strategic acquisitions

**synergistic** to Paz Group

The MOU to purchase 50% of **EV-Edge**, which specializes charging electric vehicles:

- Today EV-Edge has over 200 charging stations
- In the coming year, EV-Edge is expected to install ~900 additional charging stations, including 50 DC (Fast Chargers)

Investment of \$10M in **Gencell** for 5.4% share stake, which specializes in unique technology in the field of clean energy, based on the production of electricity from hydrogen propulsion

- Development of products for the production of clean and cheap energy for various customer needs and uses.
- Gencell's future products will be able to be integrated into Paz station complexes, by refueling hydrogen-powered vehicles.

## Excellence in Retail

The potential acquisition of the **"Super Yuda"** supermarket retail chain is a direct implementation of Paz's new strategic plan that aims to strengthen its retail arm:

**Maximizing the value of retail complexes** through store expansion and opening new stores and converting existing Yellow stores to "Yellow Markets"

**A Leap Forward in Digital capabilities**

**Operational Excellence**



2020-2025



### STRATEGIC PLAN IMPLEMENTATION







OPERATING  
SEGMENTS

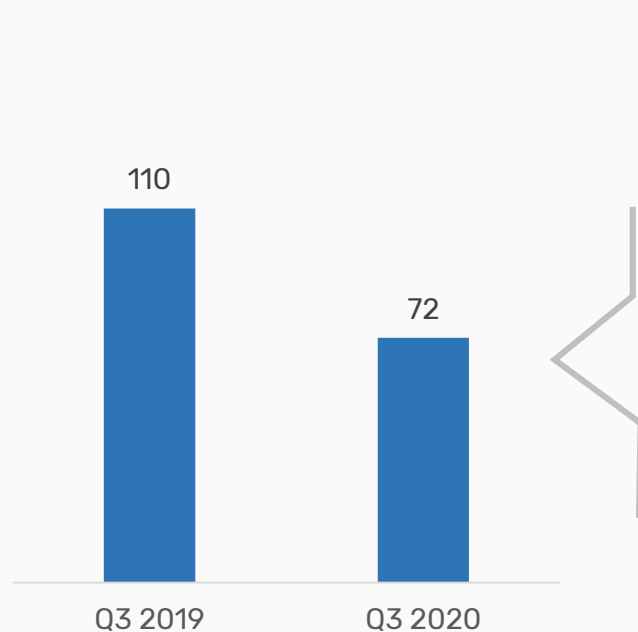
RETAIL AND  
WHOLESALE







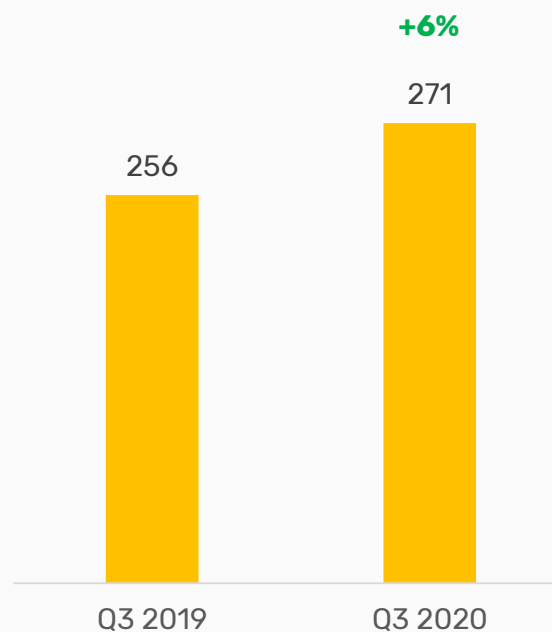
## R&W Operating Income | NIS millions



Despite a 20% decrease in transportation fuel consumption\* in Q3/2020 compared to Q3/2019 due to the COVID-19 crisis, the Retail & Wholesale segment was able to mitigate the damage thanks to cost saving measures in operating expenses and streamlining measures.



## Revenue | NIS millions



The Yellow Convenience Store Chain recorded a 6% growth in revenue in Q3/2020 compared to the corresponding quarter last year.

\*Transportation fuels in the domestic market (gasoline, diesel and jet fuel for civil aviation) according to data from the Israeli Ministry of Energy (includes the Palestinian Authority).



RETAIL AND  
WHOLESALE



2.8  
NIS million

Average  
transactions per  
month (2019)

6%

Average annual  
growth in sales  
between  
2015-2019

**Recovery:** return to growth of 6% in  
Yellow revenues in Q3/2020  
(compared to same period last  
year)



The largest  
convenience store  
chain in Israel

Establishment of infrastructure  
for fast charging at select  
stations between 2020-2021

Wolt

New and successful  
collaboration

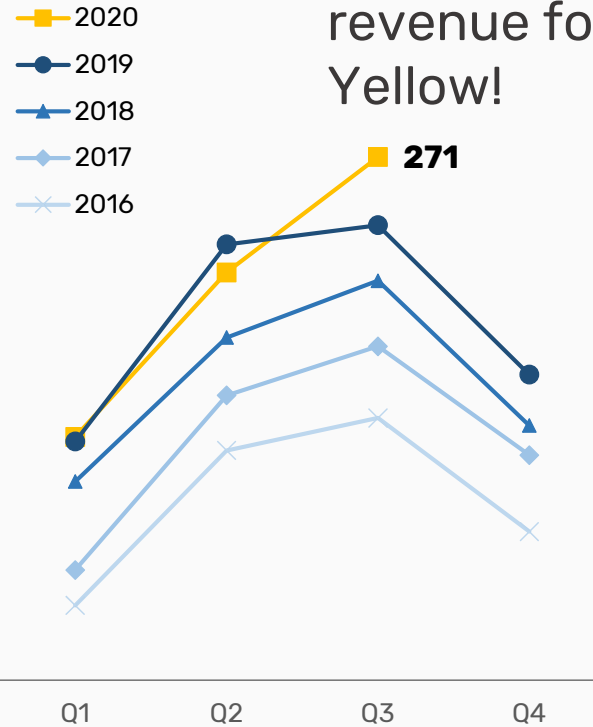


Deliveries from Yellow to  
home in less than an hour

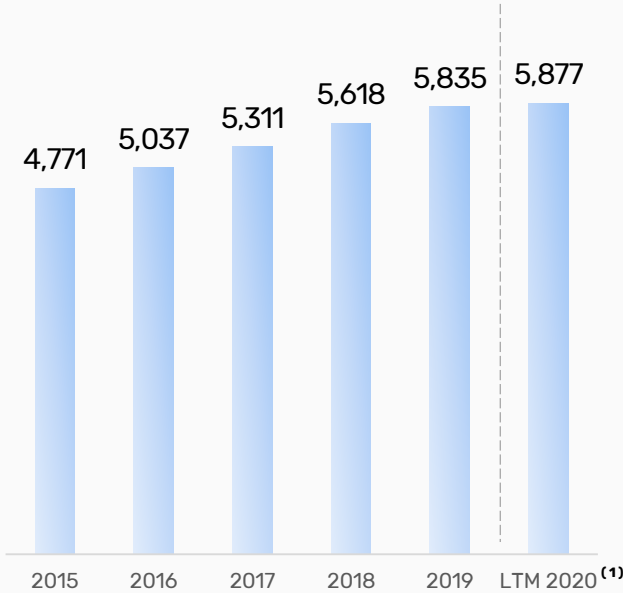


Revenue (Yearly) | NIS millions

**Record  
quarter**  
revenue for  
Yellow!



Revenue per m<sup>2</sup> | NIS thousands/month



RETAIL AND  
WHOLESALE



Yellow



(1) LTM - LAST TWELVE MONTHS ended 30.09.2020.





INDUSTRIES  
AND  
SERVICES





**Pazgas** is the largest  
LPG supplier in Israel

Market share of approx.



Average for 2019 (excluding the  
Palestinian National Authority)

Direct sales to over

**600K + 10K**  
Private households B2B

Decrease in operating  
expenses and increase in LPG  
sales\* to private households  
during the COVID-19 period\*

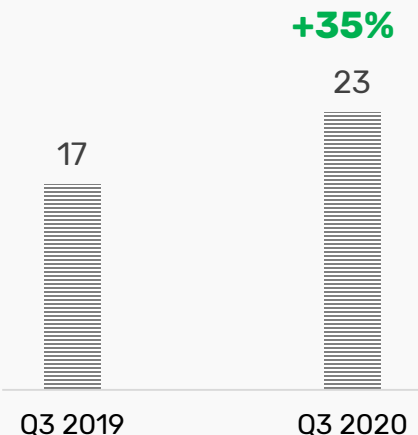
**Operating Income**  
LTM 2020 <sup>(1)</sup>

**NIS 140** million

**Pazgas Operating income (Yearly)** | NIS millions



**Pazgas Operating income (Quarterly)** | NIS millions

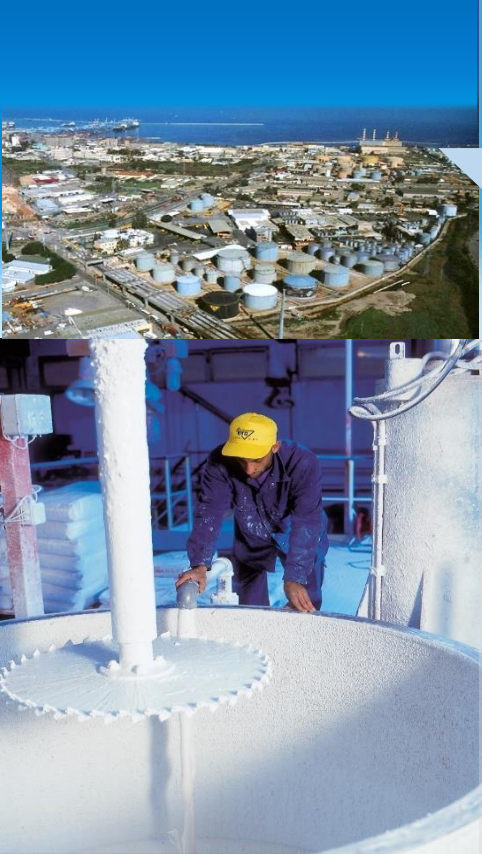


( 1 ) LTM - LAST TWELVE MONTHS ended 30.09.2020.  
\* Increase sales (tons of LPG) in Q3/2020 compared to the same period last year.

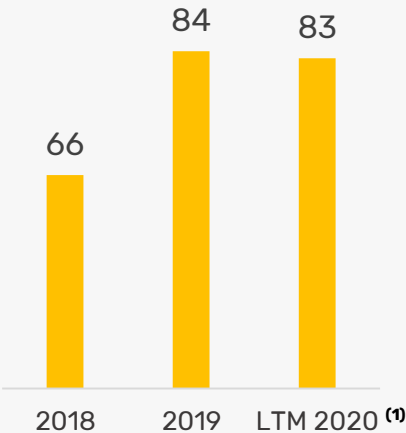




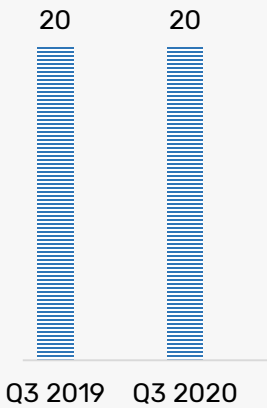
Increase in profitability of Paz Lubricants and Pazkar offset the decrease in profits of Paz Aviation Services and Assets as a result of the decrease in demand for aviation.



Industries & Services Operating income excluding Pazgas (Yearly) | NIS millions



Industries & Services Operating income excluding Pazgas (Quarterly) | NIS millions



(1) LTM - LAST TWELVE MONTHS ended 30.09.2020.

INDUSTRIES AND SERVICES

 Pazkar	 Paz lubricants
 Paz Aviation Assets	 Paz Aviation Services







REFINING  
AND  
LOGISTICS





Supplies about 1/3 of distillate fuel consumption in Israel



Supplies about 45% of jet fuel in Israel\*



Over 1,000 acres (dunam) in strategic location in Ashdod



Significant storage capacity



Excess land that can be used for a variety of industrial and infrastructural activities



2 cogeneration power plants with capacity of 109MW



REFINING  
AND  
LOGISTICS



Background

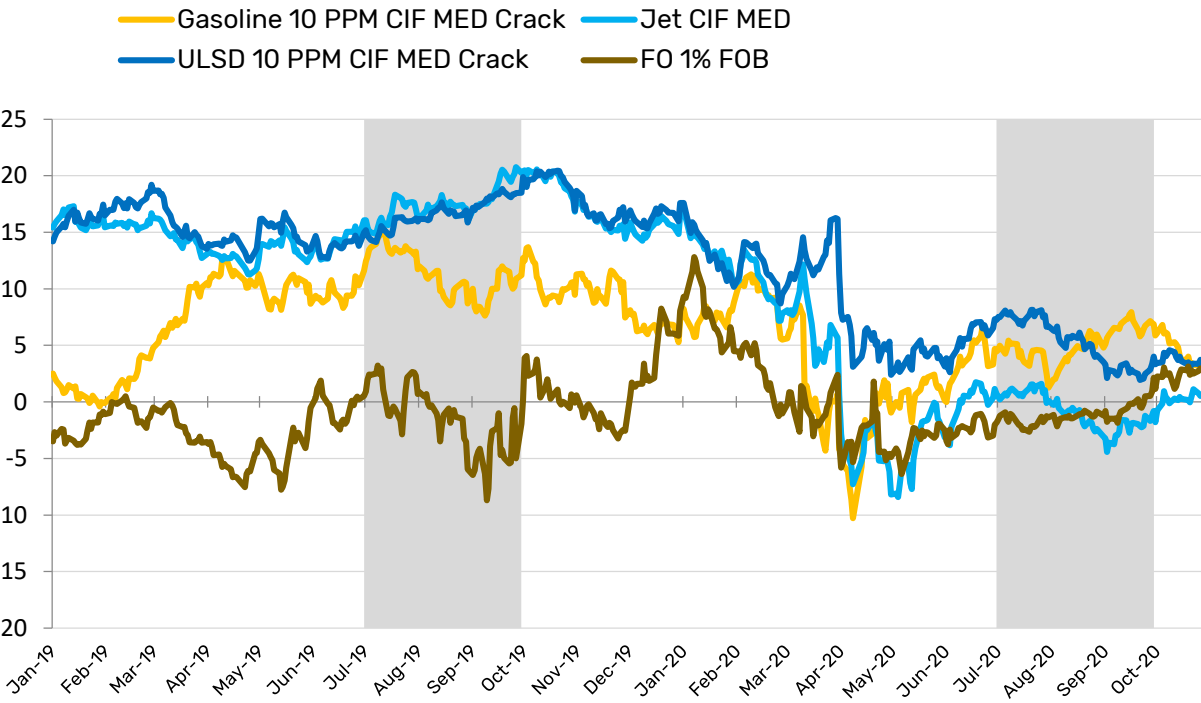


\* Jet fuel market share is based on internal estimates only.



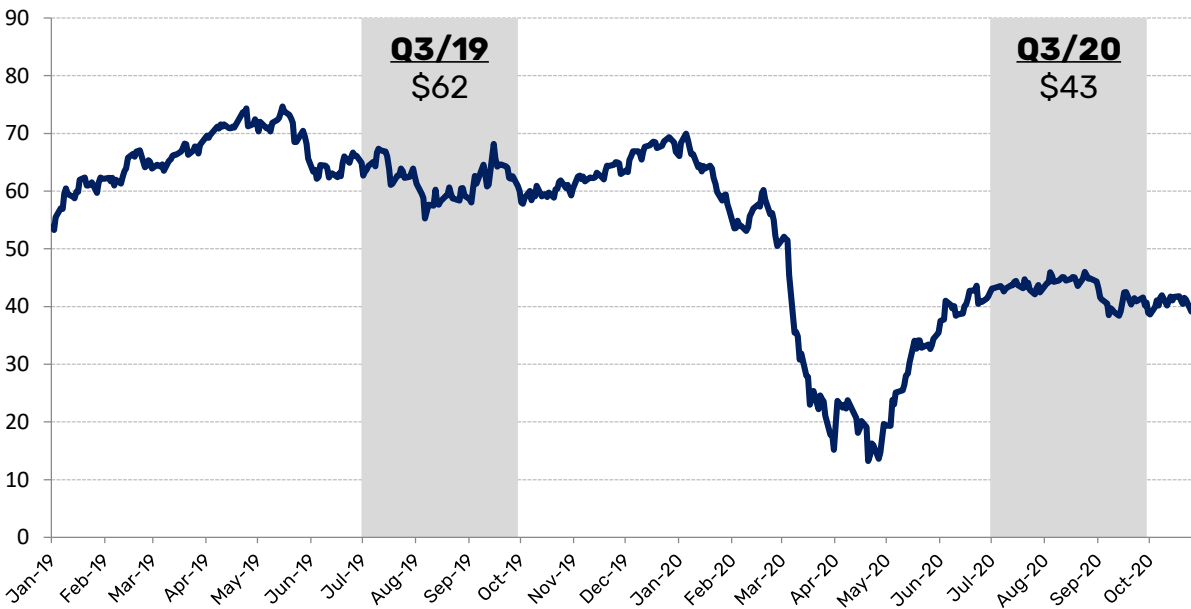


Indicative product margins for the MED region (\$/bl)



Source: Platts

Dtd Brent (\$/barrel)



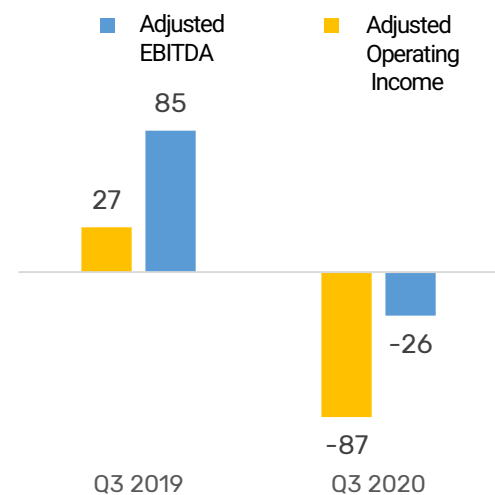
Source: Reuters





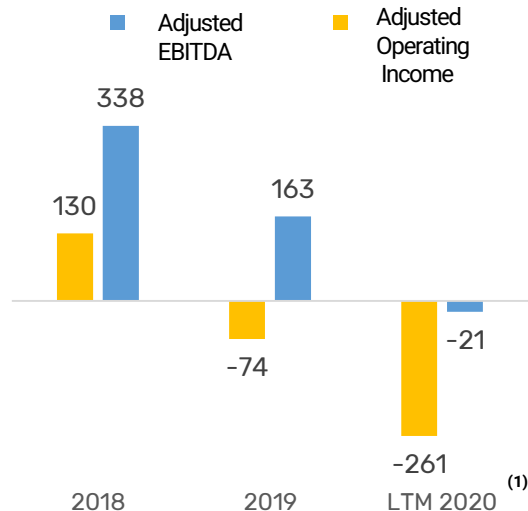
## Operating Income and Adjusted EBITDA

Refining segment (Quarterly) | NIS millions



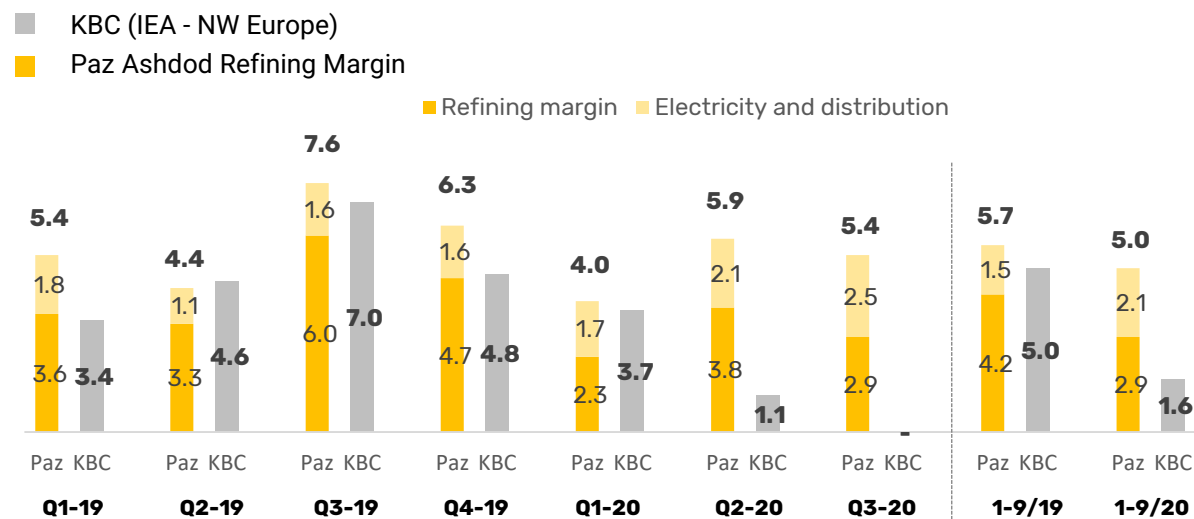
## Operating Income and Adjusted EBITDA

Refining segment (Yearly) | NIS millions



(1) LTM - LAST TWELVE MONTHS ended 30.09.2020.

## Paz Ashdod Refining Margin compared to IEA/KBC benchmark margin (2) | \$/barrel



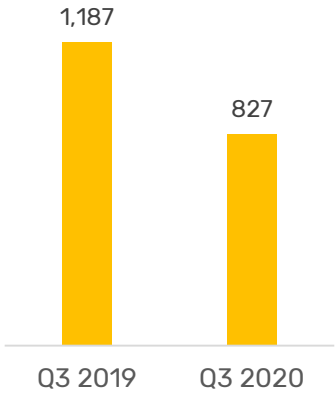
(2) IEA - Oil Market Report

REFINING  
AND  
LOGISTICS





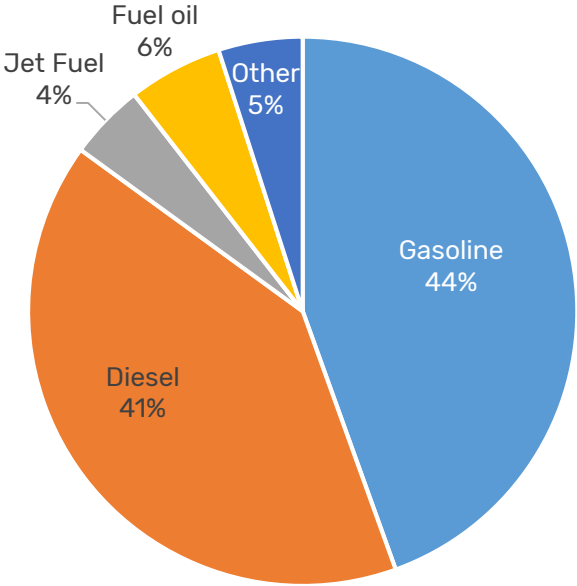
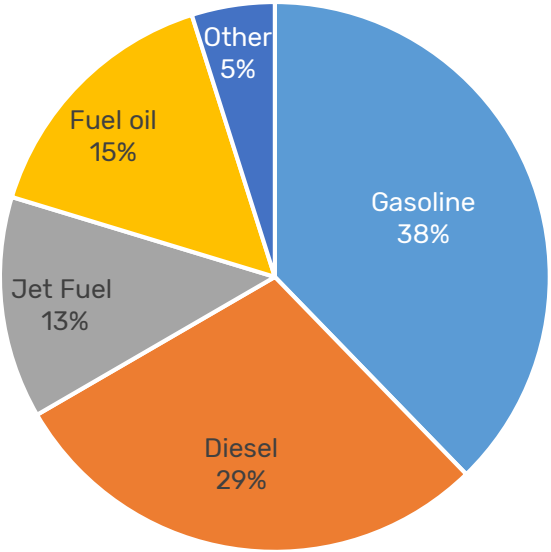
**Paz Ashdod Refinery** | K tons  
**Production Output**



**Breakdown of Paz Ashdod Refinery  
Production Output by product**

**Q3 2019**

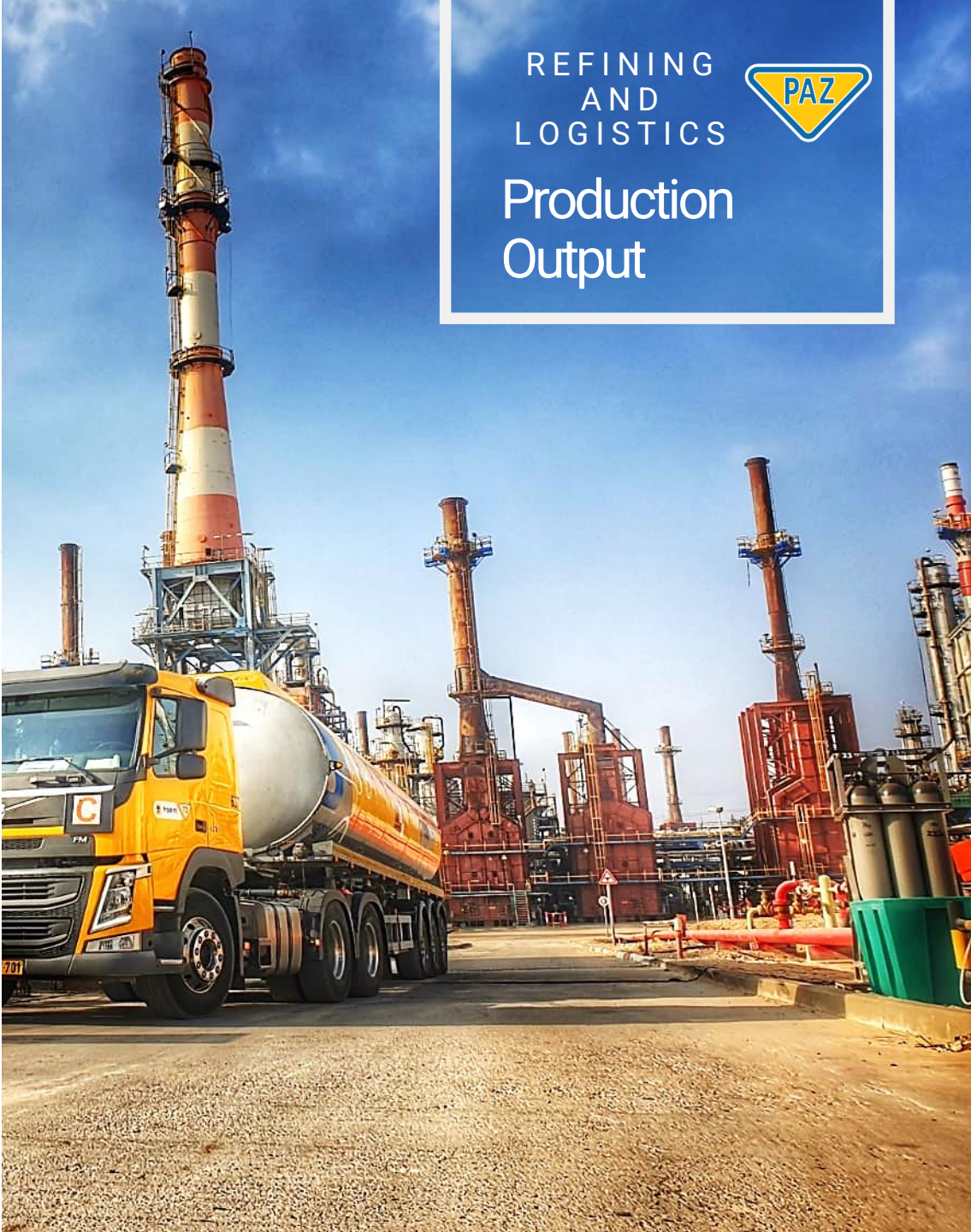
**Q3 2020**



REFINING  
AND  
LOGISTICS



Production  
Output





REAL  
ESTATE





**~4.0** Fair value of real estate portfolio\*  
NIS billion

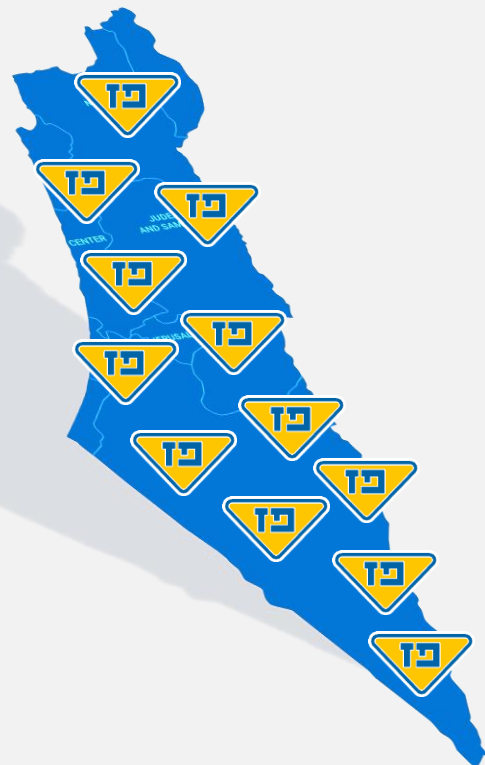
Real estate development projects of  
**~150K m<sup>2</sup>**

Offices | 126,000 m<sup>2</sup>  
Housing | 14,000 m<sup>2</sup>  
Hotels | 10,000 m<sup>2</sup>

**105** Owned stations in prime locations

**37** Annual NOI  
NIS million | LTM 2020 <sup>(1)</sup>

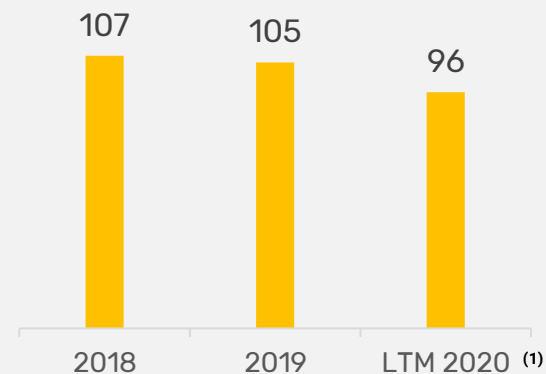
**~24K m<sup>2</sup>**  
Generate rental income from third parties



\*The amount of NIS 3.97 billion includes real estate assets that are not gas stations, including the real estate of the refinery, for which there are restrictions on their use.  
\*\*The scope of the building rights that the company intends to promote are according to the company's internal assessments. Most of the rights have not yet been approved and / or actualized, the plans are in various stages of preparation. There is no certainty that these rights will be approved - in full or in part or in full and / or that they will be approved in the scope, manner and schedules planned by the company. This is forward-looking information under section 32A of the Securities Law as detailed in the disclaimer in slide 2.

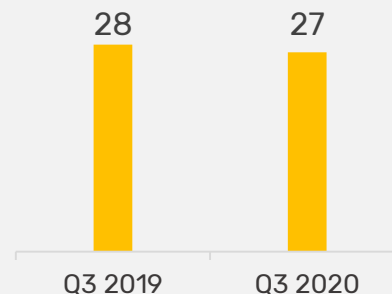
## Real Estate

Operating income (Yearly) | NIS millions



## Real Estate

Operating income (Quarterly) | NIS millions



A recovery in Q3/2020 of rental income after the recorded decline at the peak of the COVID-19 crisis in Q2/2020.

<sup>(1)</sup> LTM - LAST TWELVE MONTHS ended 30.09.2020.



REAL ESTATE





FINANCIAL  
HIGHLIGHTS  
FOR THE  
PERIOD



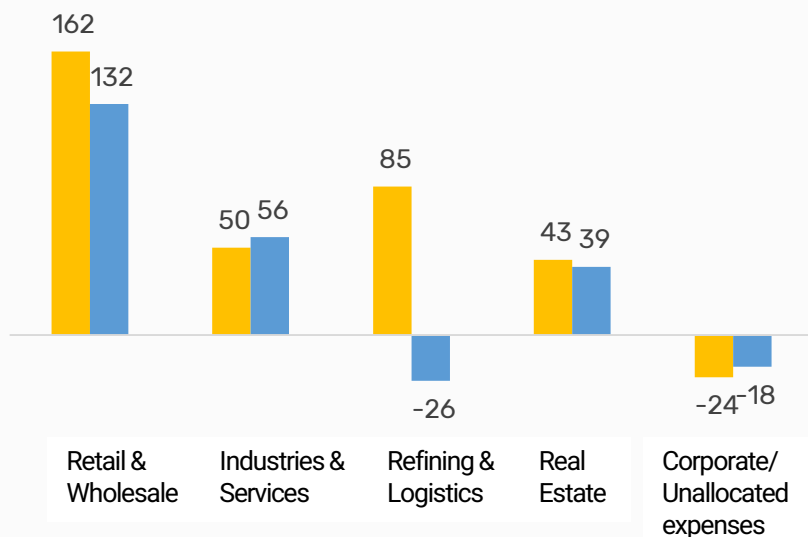
## Key Consolidated Results

| NIS millions

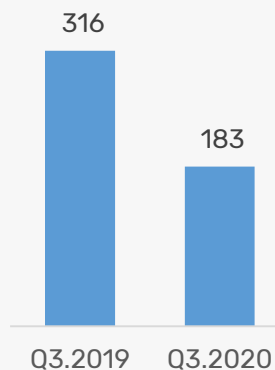


### Adjusted EBITDA by segment

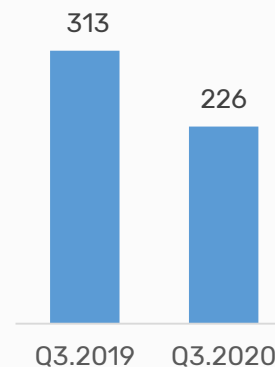
■ Q3.2019 ■ Q3.2020



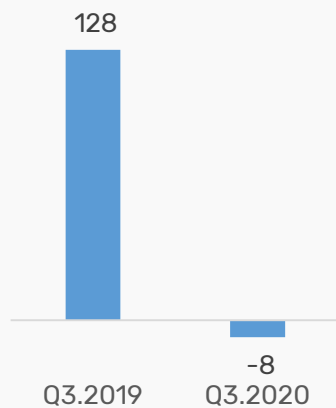
### Adjusted EBITDA



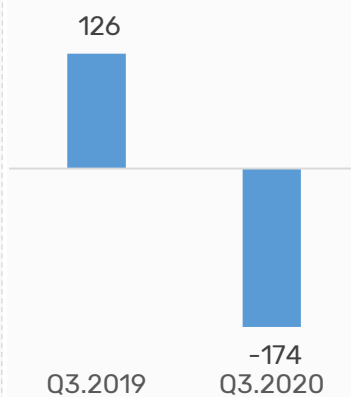
### Reported EBITDA



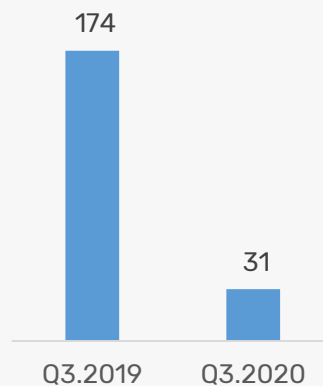
### Adjusted Net Income



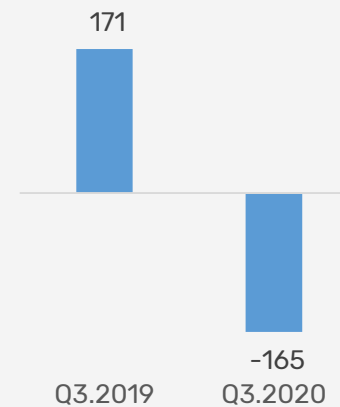
### Reported Net Income\*



### Adjusted Operating Income



### Reported Operating Income\*



\*in Q3/2020 includes an impairment of the Paz Ashdod Refinery of NIS 239 million pre-tax and NIS 201 million after-tax.





# Condensed Consolidated Balance Sheet | NIS millions

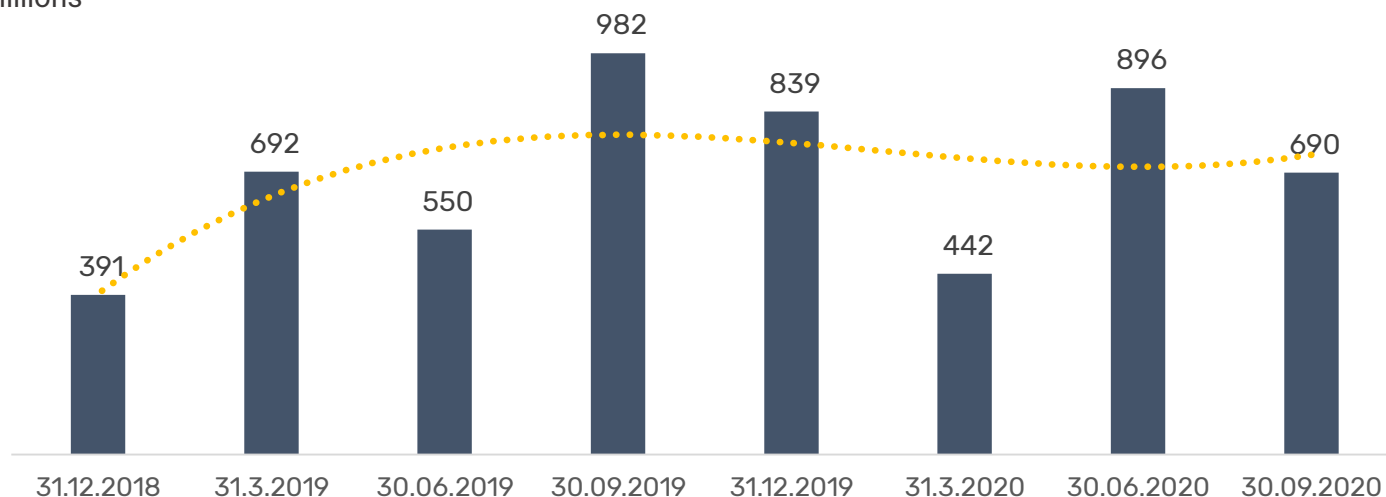
NIS millions	30/09/2020	31/12/2019
Cash and cash equivalents	1,907	1,388
Inventories	748	959
Trade Receivables	1,236	1,627
Other current assets	206	202
Fixed Assets (PP&E and investment property), net	5,153	5,549
Right-of-use assets	1,179	1,195
Other assets (intangible assets)	79	93
Goodwill	72	72
Long-term receivables	252	212
Bank deposits	-	-
<b>Total Active Balance Sheet</b>	<b>10,832</b>	<b>11,297</b>
NIS millions	30/09/2020	31/12/2019
Short-term loans and credit	235	11
Current maturities of debentures	218	194
Trade Payables	1,294	1,747
Other current liabilities	738	841
Long-term debentures	4,025	3,653
Other long-term liabilities	1,187	1,281
Equity	3,135	3,568
<b>Total Passive Balance Sheet</b>	<b>10,832</b>	<b>11,297</b>





## Operating Working Capital

Paz Group | NIS millions



## Operating Cash flows and FCF Q3/2020 | NIS millions

Cash flows from operations Q3/2020	331
Changes in operating working capital	(206)
IFRS-16 impact	(57)
<b>Adjusted</b> Cash flows from operations* Q3/2020	<b>68</b>
Net cash flows from purchase/sale of fixed and other assets	(79)
<b>Adjusted</b> FCF** Q3/2020	<b>(11)</b>
Changes in operating working capital	206
<b>FCF Q3/2020</b>	<b>195</b>

\*Adjusted cash flows from operations is calculated on the basis of cash from operations less changes in working capital and IFRS-16 impact.

\*\*Adjusted FCF is calculated on the basis of cash flows from operations less net cash flows from purchase/sale of fixed and other assets and excluding changes in operating working capital and IFRS-16 impact.

Paz Group  
Financial highlights



## Condensed Consolidated Balance Sheet | NIS millions

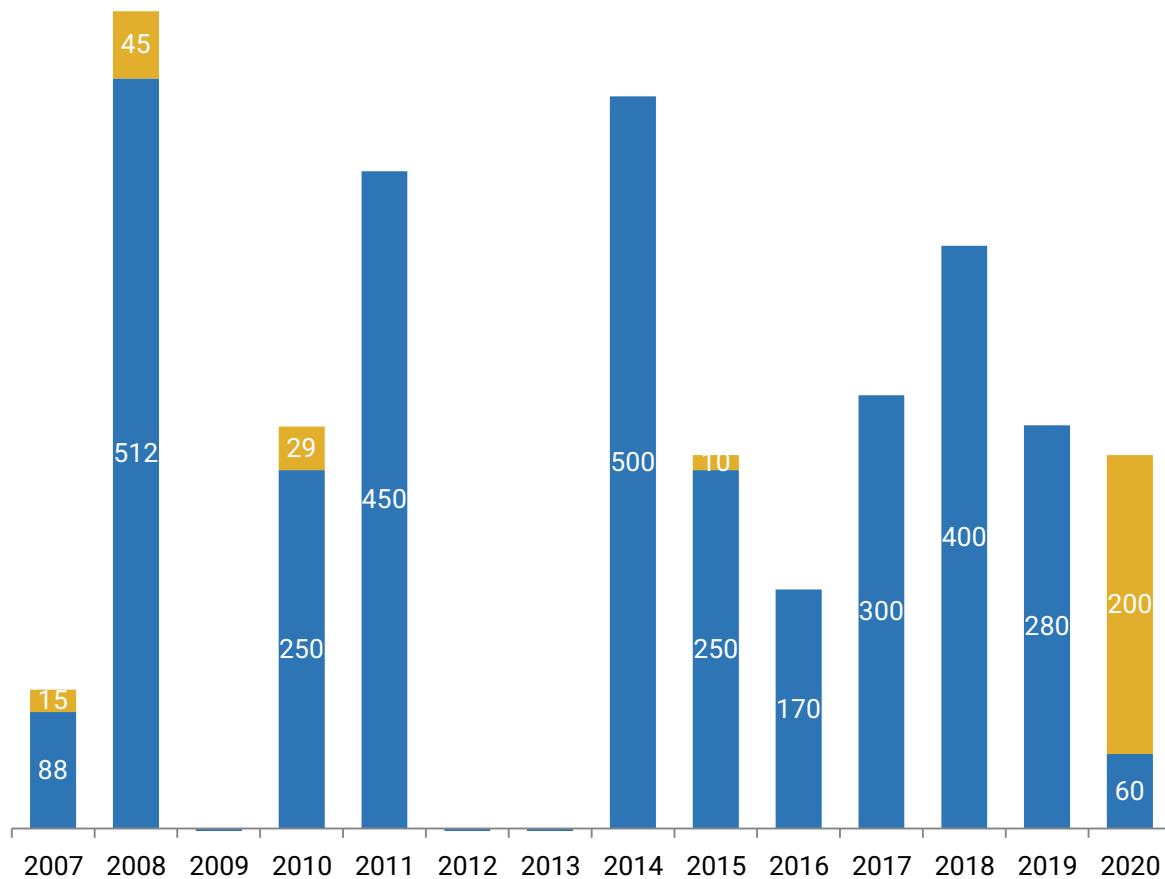






## Dividend Distribution and buyback by year | NIS millions

■ Dividend ■ Buyback



Paz Group  
Financial highlights



## Share re-purchase program and Dividend distribution

The Company's Board of Directors decided on 25.5.2020 to approve a plan to **repurchase the Company's shares in the amount of up to NIS 200 million**, due to the Board of Directors' and management's confidence in its activities and future plans and taking into account the share price.

On 11.6.2020 the Company distributed a **dividend of NIS 60 million** for 2019.

The cumulative share repurchases stand at **75%** of the program as of 24.11.2020.





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Thank  
you



Q3  
2020

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Investors  
Presentation

